

Message Text

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17

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-02 H-02 NSC-05 ABF-01

PA-01 PRS-01 USIA-06 IO-10 /083 W
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P R 161000Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9473

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY MANILA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION USUN

LIMITED OFFICIAL USE TOKYO 5019

E.O. 11652: N/A

TAGS: EAID, EFIN

SUBJ: WORLD BANK IMF SALARY ADJUSTMENTS

REF: STATE 84204

1. LETTER CONTAINED IN REFTEL FROM US GOV SIMON TO JAPANESE GOV OHIRA DELIVERED APRIL 15 TO MOV VICE MIN YOSHIDA. ADDITIONAL US VIEWS (PARAS 2 - 6 REFTEL) ALSO PRESENTED. IT APPEARS MOF COMPLETELY UNAWARE OF PENDING ED'S CONSIDERATION OF SUBJECT IN NEXT FEW DAYS AND JAPANESE DIRECTORS HAVE NOT YET INFORMED TOKYO NOR REQUESTED INSTRUCTIONS.

2. MOF VICE MIN YOSHIDA SURPRISED AT HIGH LEVEL OF US REPRESENTATION AND ASKED WHETHER US GOVERNOR PREVIOUSLY LIMITED OFFICIAL USE
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RAISED SUBJECT. FINATT REPLIED THAT IN PREVIOUS YEARS SALARY ISSUE HAD BEEN RAISED AT DIV. DIR. LEVEL, BUT THIS YEAR US BELIEVES THERE ARE GRAVE IMPLICATIONS THAT TRANSCEND THE IMMEDIATE COMPENSATION QUESTION. SEC. SIMON WANTED

TO ALERT MIN OHIRA TO HIS CONCERNS REGARDING THE FUTURE OF THOSE IMPORTANT ORGANIZATIONS.

3. YOSHIDA ADMITTED THAT BANK/FUND SALARIES WERE HIGHER THAN COMPARABLE GOJ POSITIONS AND THAT REAL WAGES IN MANY COUNTRIES HAD DECLINED LAST YEAR. HE MENTIONED THAT US AND OTHER COUNTRIES IN WHICH INTERNATIONAL ORGANIZATIONS WERE SWTUATED MIGHT HAVE PROBLEMS IF THERE WERE SUBSTANTIAL SALARY DIFFERENTIALS BETWEEN INT. ORG. AND NATIONAL GOV. EMPLOYEES. HOWEVER JAPAN DID NOT FACE THAT PROBLEM. HE CONCEEDED THAT IN JAPAN THERE HAD BEEN PUBLIC CRITICISM OF LOCAL GOVERNMENTS WHICH WERE PAYING HIGHER SALARIES THAN GOJ.

4. IN FOLLOW UP WITH MOF APRIL 16, GYOTEN, DIR. INT. ORG. DIV. SAID THAT SALARY PROPOSALS HAVE NOT YET BEEN FORWARDED TO TOKYO AND WAS COMPLETELY UNAWARE THAT INITIAL CONSIDERATION BY ED'S WAS ALREADY SCHEDULED. MOF WOULD ONLY PRESENT GOJ VIEWS ON SPECIFIC MANAGEMENT PROPOSALS WHICH HAD NOT BEEN RECEIVED, AND ED'S HAD NOT REQUESTED ANY INSTRUCTIONS FROM TOKYO.

5. IN PAST, MOF POLICY HAS BEEN TO ACCEPT MANAGEMENT PROPOSALS AND RECOMMENDATIONS ON SALARY ADJUSTMENTS, SAID GYOTEN. MOF HAS CONSIDERED DC COST OF LIVING RATHER THAN GOJ SALARY SCALE AS RELEVANT FACTOR IN VIEWING BANK/FUND SALARY SCALES. HOWEVER THIS YEAR MOF MAY ALTER ITS VIEWS ACCORING TO GYOTEN AS PART OF ITS CONCERN ABOUT HOLDING DOWN ESCALATING COSTS OF BANK/FUND. GYOTEN SAW GREATER WILLINGNESS WITHIN MOGF TO VIEW THIS YEAR'S PROPOSALS ON SALARY ADJUSTMENTS IN DIFFERENT LIGHT.

6. COMMENT. THERE APPEARS TO BE GREATER SYMPATHY FOR US POSITION THAN IN PREVIOUS YEARS. HOWEVER MOF IS ILL PREPARED TO RESPOND TO SEC. SIMON'S LETTER AT THIS TIME BECAUSE JAPANESE ED'S HAVE SIMPLY NOT INFORMED TOKYO OF SALARY ADJUSTMENT PROPOSALS, PERHAPS BECAUSE THEY HAVE LIMITED OFFICIAL USE
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CONSIDERABLE INDEPENDENCE. FINATT BELIEVES MOF IS RELUCTANT TO SOUND OUT ED'S BDCUASE IT WOULD UPSET EXISTING RELATIONSHIPS BETWEEN RESPONSIBLE GOJ OFFICIALS. IN ORDER TO GET COMMUNICATIONS STARTED, JAPANESE ED'S MUST BE COAXED INTO ADVISING TOKYO ASAP ABOUT THE SALARY PROPOSALS. THEY CERTAINLY SHOULD BE MADE AWARE OF SEC. SIMON'S LETTER DIRECTLY TO FIN. MIN OHIRA. AFTER MOF HAS STUDIED SALARY PROPOSALS IT CAN BEGIN ADVISING ED'S OF GOJ ATTITUDES.

7. RECENT GOJ WAGE DEVELOPMENTS OF INTEREST TO WASHINGTON AGENCIES: ACCORDING TO PRESS REPORTS OF CABINET MEETING APRIL 15, MFIN. MIN OHIRA INTENDS TO RESTRICT "AS MUCH AS POSSIBLE"

INCREASES IN GOVERNMENT WORKER SALARIES THIS FISCAL YEAR. HE
IS REPORTED TO TAKE A "STERN ATTITUDE" TOWARD ADDITIONAL FISCAL
DEMANDS SUCH AS WAGE INCREASES FOR GOVT EMPLOYEES AND SUBSIDY
PRICE FOR RICE (WHICH ARE INCLUDED IN LATER SUPPLE-
MENTAL BUDGET). CABINET, IN UNPRECEDENTED MOVE AGREED TO
PM MIKI PROPOSAL THAT HE AND HIS 20 MINISTERS DONATE 10
PERCENT OF THEIR SALARIES (FOR THE TIME BEING) TO THE
NATIONAL TREASURY AS GESTURE TO DRAMATIZE GOJ DETERMINATION
IN RESOLVING GROWING TREASURY CASH DEFICIT (RESULTING FROM
SHORT-FALL OF REVENUES BELOW ESTIMATES.) INITIAL REPORTS
INDICATE PUBLIC REACTION TO DONATION IS GENERALLY CRITICAL.
HODGSN

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